

Message Text

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70

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01

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R 171300Z JUL 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5230

INFO AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY TOKYO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY COPENHAGEN

AMEMBASSY TEHRAN

C O N F I D E N T I A L CAIRO 7036

EO 11652: GDS

TAGS: EGEN EAID EFIN EG

SUBJECT: PRESS REPORT OF \$1 BILLION ASSISTANCE FOR EGYPT FROM
WESTERN SOURCES

BEGIN UNCLASSIFIED

1. FOLLOWING ARTICLE WITH A FRONT PAGE LEAD APPEARED IN AL AHRAH
JULY 17: QUOTE ONE BILLION DOLLARS FOR EGYPT FROM A GROUP OF WESTERN
COUNTRIES - BOSTON GLOBE NEWSPAPER PUBLISHED THAT EGYPT IS EXPECTED
TO RECEIVE AROUND \$1,000 MILLION FROM GROUP OF COUNTRIES INCLUDING
U.S., WEST GERMANY AND JAPAN, QUOTING AHMED DEWIDAR, UNDERSEC
MINECONOMY AND ECONOMIC COOP, THE NEWSPAPER ADDED THAT GERMAN
SHARE IS EXPECTED TO BE FROM \$400-500 MILLION, U.S. \$350 MILLION,
AND JAPAN \$200 MILLION. DEWIDAR SAID NEGOTIATIONS ARE CURRENTLY
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UNDERWAY WITH BRITAIN AND DENMARK TO PARTICIPATE WITH THESE

COUNTRIES.

BOSTON GLOBE ALSO SAID THAT NON-EGYPTIAN SOURCES CONFIRMED WHAT DEWIDAR ANNOUNCED CONCERNING SUM ESTIMATED TO BE AROUND \$1,000 MILLION. THIS MONEY WILL ENABLE EGYPT TO SETTLE ITS SHORT TERM HIGH INTEREST LOANS WHICH WERE RECEIVED FOLLOWING 1973 OCTOBER WAR. BESIDES, IT WILL ALLOW IT TO PURCHASE NUTRITIONAL AND RAW MATERIALS, SPARE PARTS, AND INDUSTRIAL EQUIPMENT HAVING A CAPACITY BETWEEN 30-50 PERCENT OF ITS ORIGINAL CAPACITY. UNQUOTE
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2. COMMENT: ARTICLE, OF COURSE, IS VERY MISLEADING AND INACCURATE. FOR EXAMPLE, ACCORDING TO CONVERSATION JULY 16 BETWEEN W. GERMAN AMB AND COMML OFF, GERMAN FOREIGN DISCUSSING POSSIBLE \$100 MILLION PARTICIPATION, BUT DOES NOT HAVE AGREEMENT OF FINANCE MINISTER. CONFIRMATION FROM NON-EGYPTIAN SOURCES MENTIONED IS PRESS REPORT IS PROBABLY DUE TO MIX UP OF \$1.1 BILLION IN LOANS OBTAINED FROM ARAB SOURCES WITH NEGOTIATIONS FOR WESTERN CREDITS. COMML OFF LEARNED FROM SOURCE IN EGYPTIAN MIN OF ECON AND ECON COOP THAT TERMS FOR SAUDI AND KUWAITI LOANS ARE 6 PERCENT INTEREST WITH GRACE PERIOD OF 7 YEARS AND PRINCIPAL REPAYABLE IN 15 YEARS. THIS INFO CONTRADICTS EARLIER REPORTS THAT SAUDIS OFFERED 5-YEAR CREDIT. SAME SOURCE CONTRADICTED BOSTON GLOBE REPORT WHICH QUOTED UNDERSEC DEWIDAR AND SAID THAT EGYPT NOW NEGOTIATING \$400 MILLION FROM US, \$200 MILLION FROM JAPAN AND \$200 MILLION FROM W. GERMANY. THESE LATTER FIGURES, HOWEVER, REALLY REPRESENT EGYPTIAN ASPIRATIONS.
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